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STATE OF NEBRASKA

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HIDDEN RISKS OF CAR-SHARING AND RIDE-SHARING

The Nebraska Departments of Motor Vehicles and Insurance urge caution before signing up for internet services that connect drivers, riders, and vehicle owners for car-sharing and ride-sharing. These fee-based services may pose hidden risks if the rider, driver, or vehicle does not have insurance coverage for that activity. If an accident occurs while someone else is riding with you or driving your car, the typical private passenger automobile policies may not provide coverage for any liability incurred. Those who ride-share with passengers or own a car-share vehicle may need commercial coverage. Drivers who car-share may want to purchase their own "non-owned vehicle" policy if they drive other people's vehicles to be sure they are protected. Typically, a commercial automobile insurance policy is necessary to provide a vehicle for rent or to transport property or passengers for compensation.

A traditional car-pooling arrangement by friends or neighbors who share the cost of gasoline or take turns driving is not the situation being addressed in this alert. Those types of arrangements typically are not a problem.

The Department of Motor Vehicles and Department of Insurance suggest that you visit with your insurance company or insurance agent before you sign up for car-sharing or ride-sharing. Evaluate your exposure:

- ⇒ Review carefully any type of agreement involving car-sharing or ride-sharing.
- ⇒ Before you decide to rely on insurance that is provided by others, be sure to get a copy of the policy and ask an insurance professional to make certain it covers all of your exposures.
- ⇒ If using such a service, evaluate who may be responsible if you are injured and whether coverage will be available.
- ⇒ Talk to your insurance company or agent to see what is and isn't covered. The exclusions in your personal automobile policy for this type of use will likely apply to all types of coverage including liability to third persons, uninsured and underinsured motorist coverage, medical payments for people using or occupying your vehicle, comprehensive physical damage coverage, collision physical damage coverage, and limits on the insurance company's duty to defend you in a lawsuit.
- ⇒ If the car-sharing or ride-sharing service provides some type of "umbrella" insurance, find out if that coverage includes the duty to defend you in a lawsuit.

Exercising caution and reviewing your insurance program may go a long way to protecting your financial well-being.

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